

2009
Report
to the
Community

ST. LOUIS EQUITY FUND, INC.



707 N. 2nd Street
Suite 308
St. Louis, Missouri 63102
Phone 314.436.7810
www.slefi.com



MISSION

OUR MISSION is to effectively utilize corporate investment and available tax incentives to stimulate the development of affordable, low- and moderate-income housing units. We strive to revitalize and stabilize neighborhoods, through public/private cooperation and superior asset management.



CONTENTS



- 2 A Letter from the President
- 3 General Overview
- 4 How Tax Credits Work
- 5 Gateway CDFI
- 6 Online Resources
- 7 Community Asset Management Company
- 8 St. Louis Equity Fund 2009 Developments
 - Hillsdale Manor* 8
 - North Newstead V* 9
 - Salisbury Park Three* 10
 - Village of St. Mary's Skilled Nursing Facility* 11
- 12 Investment Summary
- 13 Board of Directors/Committee Members
 - Investors
 - General Partners
 - Professional Consultants
 - Staff
- 16 Kansas City Equity Fund





A LETTER FROM THE PRESIDENT

As we all know, 2009 was a very challenging year as the economy stalled in reaction to the severe recession. These conditions had an adverse affect on our ability to raise equity capital. The combined Funds raised approximately \$14.8 million, down from \$26.4 million raised in 2008.

During 2010 we are not forecasting a robust recovery; however, we will continue an aggressive solicitation effort for new capital from both financial institutions and corporations. As part of this effort, we are currently exploring the possibility of expanding our efforts into certain markets in Missouri in which we have not been previously active.

Finally, in response to current economic conditions, management has announced a realignment of responsibilities effective April 1, 2010. We are confident that this initiative will enable the Fund to remain a viable leader in the syndication of affordable and historic tax credits within the State of Missouri.



A handwritten signature in black ink that reads 'John J. Wuest'.

John J. Wuest

President and CEO

GENERAL OVERVIEW

History

THE ST. LOUIS EQUITY FUND was established in 1988 in response to the desire to have a locally owned and controlled vehicle to syndicate affordable and historic housing tax credits. Since that time, the combined Funds have raised \$254.3 million, which provided the equity to develop 3,644 affordable homes. With the current economic environment, the need for safe, decent, affordable housing is more pressing than ever. The St. Louis Equity Fund and its Investors remain committed to the communities they serve to provide this housing.



HOW TAX CREDITS WORK

Investment Opportunities



THE ST. LOUIS EQUITY FUND OFFERS an excellent opportunity for corporations and financial institutions to support the communities in which they reside and serve while at the same time making an acceptable return on their investment. The St. Louis Equity Fund raises capital on an annual basis from corporations and financial institutions and invests this capital in affordable and historic rental housing units through the purchase of federal and state tax credits. The tax benefits generated from these tax credits are then allocated to the investors, proportionate to their investment in the annual fund, providing them a market rate of return on their investment.

Development Opportunities



THE ST. LOUIS EQUITY FUND PARTNERS with not-for-profit and for-profit developers to create and rehabilitate affordable housing developments, preserve neighborhoods, and stabilize communities. The Missouri Housing Development Commission allocates Low Income Housing Tax Credits (LIHTC), in a competitive process, to developers participating in the program. Historic Tax Credits are also available. In turn, the St. Louis Equity Fund purchases these tax credits, providing the equity necessary to develop quality, affordable housing.



GATEWAY COMMUNITY DEVELOPMENT FUND, INC.



Mission of Gateway

To promote community, social, and economic development through the provision of financial, developmental, and technical services to low-income individuals, distressed communities and underserved populations, particularly, but not exclusively, by providing below market rate financing to affordable housing developments.

THE GATEWAY COMMUNITY DEVELOPMENT FUND, INC. (Gateway) was formed in 2009 by St. Louis Equity Fund as a for-profit, wholly owned subsidiary of the Equity Fund to provide financial, developmental, and consulting services to organizations that serve low-income populations in St. Louis and Kansas City.

Through its CDFI Fund, the US Department of the Treasury provides financial and technical support to certified CDFIs in an effort “to expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States.” After reviewing the need for such services in Missouri, management determined that forming a CDFI could help expand and complement St. Louis Equity Fund’s capacity to accomplish its mission.

At the time of the production of this report, Gateway had not received official certification from the Department of Treasury. However, during this pre-certification period Gateway continues to provide financial services which include pre-development loans, first mortgages, and bridge loans. It is also reviewing several opportunities to provide consulting services to not-for-profit organizations that are interested in making available and preserving affordable housing. Gateway is also analyzing the possibility of acquiring an existing business that is currently providing these services. When Gateway receives its certification, it intends to aggressively solicit additional investment to expand its work and the impact on the communities it serves.

ONLINE RESOURCES

www.slefi.com

St. Louis Equity Fund’s website provides information regarding the staff and governance of the organization, Investor and Partner lists, and Project and Fund information. In addition, it offers a detailed list of Low Income Housing Tax Credit and Historic Tax Credit resources. You will also find the latest news regarding the St. Louis Equity Fund and its developments at www.slefi.com.



Document Manager

This secure web-based system allows St. Louis Equity Fund and Kansas City Equity Fund Investors to access and download key documents such as K-1 Statements, Fund Tax Returns, and Annual Fund Financial Statements. This system was introduced in 2008, and is utilized by the majority of the Equity Funds’ Investors. If you are an Investor in the St. Louis Equity Fund or the Kansas City Equity Fund and would like access to Document Manager, please visit www.slefi.com or www.kcequityfund.com and click on the link to this database.



Tax Credit Manager

Tax Credit Manager allows St. Louis Equity Fund and Kansas City Equity Fund General Partners and Property Management Companies to report quarterly project financial information online to the Asset Management staff. Tax Credit Manager was created in 1999 and updated in 2007. This system is very user-friendly. It allows for a consistent review of the entire portfolio and is required to be used by all General Partners.





CAMCO

Community Asset Management Company continues to fill a niche in the St. Louis rental market.



*CAMCO Management Team
Back Row from Left: Maria Blaha (Regional Manager), Karen Bartley (Regional Manager), Marty Knobloch (President)
Front Row from Left: Joe Benz (Maintenance Supervisor), Liz Coleman (Vice President/COO), Debbie Hayes (Office Administrator), Stan Jones (Construction Supervisor)*



Property Manager Angela Poyner and Regional Manager Maria Blaha review a resident lease.

COMMUNITY ASSET MANAGEMENT COMPANY (CAMCO) provides professional property management and resident support services for private and not-for-profit owners. CAMCO was founded in 1998 and it currently provides property management services for 39 developments consisting of 1,256 units, collectively.

Ms. Stephanie Stafford and Ms. Toni Nipper of Stafford Management joined CAMCO as consultants in April 2008 with the task of streamlining operations and reorganizing the Company. This two-year reorganization plan was put into action with the guidance of the Board of Directors and Finance Committee. They completed this engagement in April 2010, having successfully put into place a competent, well trained staff utilizing proper systems and procedures. With their departure, Mr. Martin Knobloch has been elected President and CEO.

In addition to property management, CAMCO assists its residents with access to a variety of resident support services. CAMCO staff works closely with the residents to help secure resources and identify opportunities available to them. These services improve the quality of the residents' lives, stabilizing the communities in which the St. Louis Equity Fund and its Partners invest.

HILLSDALE MANOR

Hillsdale Manor is the 14th partnership between the St. Louis Equity Fund and Beyond Housing. This development consists of 37 three-bedroom single family homes, two of which are fully ADA accessible. Hillsdale Manor is located near several St. Louis Equity Fund investments and will continue St. Louis Equity Fund's efforts to stabilize the Village of Hillsdale.



Number of Units: 37
 Commitment: \$7,214,539
 Financing: Low Income Housing Tax Credits
 Location: Village of Hillsdale, St. Louis County
 Developer: Beyond Housing, Inc.
 General Partner: Beyond Housing, Inc.
 Consultant: TPI Group
 General Contractor: EM Harris Construction Company
 Architect: Art & Architecture, Inc.
 Construction Lender: MHDC
 Permanent Lender: MHDC
 Property Manager: Beyond Housing, Inc.

NORTH NEWSTEAD V

North Newstead V is a seven building, 31 unit development consisting of one- and two-bedroom units. This project is located in close proximity to several SLEFI investments and will further stabilize this neighborhood. This development represents the fifth partnership between North Newstead Association and St. Louis Equity Fund.



Number of Units: 31
Commitment: \$6,561,718
Financing: Low Income Housing Tax Credits
Location: O'Fallon and Penrose Neighborhoods, St. Louis City
Developer: North Newstead Association
General Partner: North Newstead Association
Consultant: RHCDA
General Contractor: R.G. Ross Construction Company
Architect: Grice Group Architects
Construction Lender: MHDC
Permanent Lender: MHDC
Property Manager: CAMCO



SALISBURY PARK THREE

Salisbury Park Three is the third phase of single family homes and town-homes in the Hyde Park neighborhood developed by Better Living Communities. This phase consists of the new construction of 16 three-bedroom single family homes and one duplex. The new units will be interspersed with units from the previous phases to continue the revitalization efforts in this area. This is the third partnership between Better Living Communities and St. Louis Equity Fund.

Number of Units: 18
Investment: \$4,408,781
Financing: Low Income Housing Tax Credits
Location: Hyde Park, St. Louis City
Developer: Better Living Communities
General Partner: Better Living Communities/
Salisbury Park III, L.P.
Consultant: ND Consulting
General Contractor:
EM Harris Construction Company
Architect: Garen Miller
Construction Lender:
Lutheran Church Extension Fund
Permanent Lender: Lutheran
Church Extension Fund
Property Manager:
ND & S Management



VILLAGE OF ST. MARY'S SKILLED NURSING FACILITY

The Village of St. Mary's Skilled Nursing Facility is the second phase of a multi-use redevelopment of the 42 acre historic Motherhouse campus of the Sisters of the Most Precious Blood. This project consists of the historic rehabilitation of three buildings on the campus into a 42 unit, 50 bed nursing facility and four large independent units. Amenities include a swimming pool, locker rooms, private dining areas, therapy and wellness areas, commercial kitchen space, a chapel, and common areas.

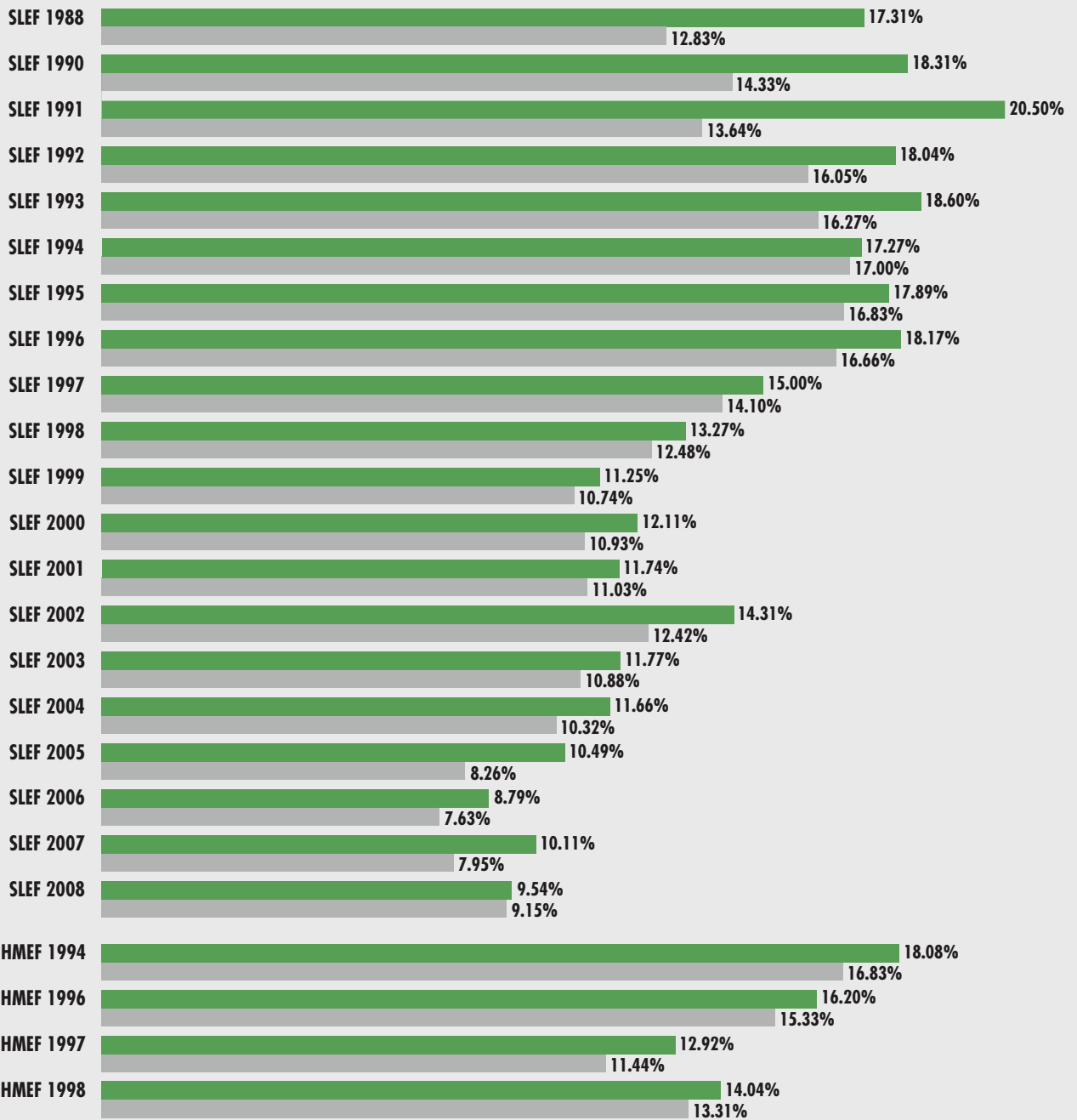


Number of Units:
50 Bed Skilled Nursing Facility,
4 Service Enhanced Apartments
Investment: \$1,127,000
Financing: Federal Historic Tax Credits
Location: O'Fallon, Missouri
Developer: McEagle Development
General Partner: SMI SNF Manager, LLC
Consultant:
Community Program Development Corp.
General Contractor: Paric Corporation
Architect: The Lawrence Group
Construction Lender:
People's Bank and Trust of Winfield
Permanent Lender:
People's Bank and Trust of Winfield
Property Manager:
St. Andrews Management Services



INVESTMENT SUMMARY

ACTUAL RETURN VS. PROJECTED RETURN



Actual (Green bar) Actual results through December 31, 2009 and projected results for the remaining years in the fund.
Projected (Grey bar) Based on the original project projections in each of the funds.

BOARD AND COMMITTEE MEMBERS

BOARD OF DIRECTORS:



David Minton,
Chairman
Heartland Bank



John Castagno



Jim Holtzman
St. Louis County



Gail Sneed
UMB Bank



Joseph Ambrose
First Bank



Jeff Comotto
Anheuser Busch
Companies



Jennifer Kelly-Saeger
Bank of America



Elizabeth Wright
M&I Community
Development Corp.



Christopher Baker
Laclede Gas



Brian Davies
Centrue Bank



Reginald Scott
National City
Community
Development
Corporation



John J. Wuest
St. Louis Equity Fund,
Inc.



John Bugh
The PrivateBank



William Gamewell
Commerce Bank



Vihar Sheth
US Bancorp CDC

No photo available:
Jill Claybour
St. Louis City

INVESTMENT COMMITTEE:

William Gamewell, Chairman
Commerce Bank

Joseph Ambrose
First Bank

John Castagno

Brian Davies
Centrue Bank

Laura Gilbert (advisory member)
Commerce Bank

Jennifer Kelly-Saeger
Bank of America

Ward Nixon
US Bank

Reginald Scott
National City Community
Development Corporation

Vihar Sheth
US Bancorp CDC

Gail Sneed
UMB Bank

Elizabeth Wright
M&I Community Development Corp.

John J. Wuest (non-voting member)
St. Louis Equity Fund, Inc.

FINANCE COMMITTEE:

Ward Nixon, Chairman
US Bank

John Bugh
The PrivateBank

David Minton
Heartland Bank

Joseph Pope
Scottrade

John Scherer
Cass Commercial Bank

Beth Stohr
US Bancorp CDC

John J. Wuest
St. Louis Equity Fund, Inc.

GOVERNANCE AND NOMINATING COMMITTEE:

Laura Gilbert, Chairwoman
Commerce Bank

Karen Davis
Regions Bank

Jim Holtzman
St. Louis County

Jennifer Kelly-Saeger
Bank of America

Beth Stohr
US Bancorp CDC

John J. Wuest
(non-voting member)
St. Louis Equity Fund, Inc.

AUDIT COMMITTEE:

William Peters, Chairman
Heartland Bank

David Bentele
Citizens National Bank

Joseph Garea
Boulevard Bank

Mark Ponder
Centene Corporation

Michael Spotanski
Laclede Gas

INVESTORS AND GENERAL PARTNERS

ST. LOUIS

EQUITY FUND INVESTORS (1988-2009)

Ameren Corporation	Emerson Electric Co.	KLT Investments, Inc.	Peoples National Bank
Anheuser-Busch Companies, Inc.	Enterprise Bank & Trust	The Laclede Group, Inc.	The PrivateBank
Aquila, Inc.	Exchange National Bank of Jefferson City	Lindell Bank & Trust Co.	Pulaski Bank
Bank of America, N.A.	Fannie Mae	Mallinckrodt Inc.	Pulitzer, Inc.
The Boeing Company	Fifth Third Bank CDC	M & I Community Development Corp.	Regions Bank
Boulevard Bank	First Bank	Macy's	The Reliable Life Insurance Company
The Business Bank of St. Louis	First National Bank of St. Louis	Metropolitan Life Insurance Company	Reliance Bank
Cass Commercial Bank	General Dynamics Corporation	Midland States Bank	St. Louis Bank
Centene Corporation	Heartland Bank	Midwest BankCentre	St. Johns Bank and Trust Company
Centrue Bank	INDEECO	Monsanto Company	Scottrade Bank
CIPSCO	Irwin Union Bank	National City Community Development Corp.	Southwest Bank of St. Louis
Citizens National Bank of Greater St. Louis	Jefferson Bank and Trust Company	Nestlé Purina Pet Care	UMB Bank, N.A.
Commerce Bank, N.A.	Kansas City Life Insurance Company	Northern Trust Corporation	US Bancorp CDC

GENERAL PARTNERS (1988-2009)

Donald R. Becker	Hamilton Heights Neighborhood Organization	Northeast Community Action Corporation	Rudman Building GP, LLC
Belle Glade Associates, L.L.C.	Hillsdale Homes Corporation	Northside Community Housing	Alan Rudroff
Beyond Housing/ Neighborhood Housing Services	Housing Revitalization, Inc.	Ken Nuernberger	The Siedlund Company
BLC Properties, LLC	I-70 Northwest Development Corp.	Forrest D. Nye	St. Louis Public Development Corporation X
Luther Boykins	Intercommunity Housing Association	Parkside Development Corporation	St. Patrick Center
Business Research Institute (BRI)	JVL Renaissance, Inc.	Parkview Gardens Association	The Salvation Army
Carondelet Community Betterment Federation	Kohner Properties	Patton Development Corporation	SMI Manager, LLC
Coronado Leasing, L.L.C.	Lister II, LLC	Peter & Paul Housing Corporation	Smile GP, LLC
DeSales Community Housing Association	Maplewood Housing Corporation	Pruitt-Igoe Development Corporation	Sunset Development, LLC
DMCS Corporation	Metropolitan Investment Properties, Inc.	Jon M. Pyzyk	Tyco Realty
Failoni Consultants	The Meyer Company	Railton Management	Tyler Development, Inc.
Fox Meadows Supportive Living, LLC	Mid-Missouri Development Company, Inc.	Robert Wood	Richard Wagner
Gabel Properties	Neighborhood Holdings, LLC	Milton D. Rothschild	Patrick Werner
Goodfellow Apartments, Inc.	North Newstead Association		West Florissant-Carrie, LLC
			WireWorks Lofts, LLC

PROFESSIONAL CONSULTANTS AND STAFF

STAFF

John J. Wuest
President and
CEO



John F. Kennedy
Senior Vice President
and CFO

Martin T. Knobloch
Vice President
Asset Management

Amy P. McDermott
Vice President
Operations

Stanley L. Jones
Director of
Construction
Management

Colleen Kirby
Asset Manager

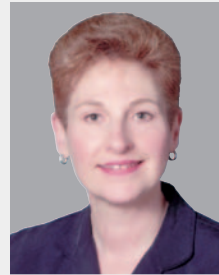
Eldina Qirici
Accounting Manager

Denise Washington
Asset Manager –
Financial Reporting

Kristal Yancie
Office Administrator

Erica Dobreff
President

Maryann Nieweg
Executive Assistant



PROFESSIONAL
CONSULTANTS

The Stolar Partnership
Attorneys at Law

RubinBrown
Certified Public Accountants



A LETTER FROM THE PRESIDENT

We are proud of the strides we have made during the past three years toward revitalizing and stabilizing neighborhoods in the Kansas City metropolitan area. To recognize these efforts, in April 2009 we hosted a tour of the first three properties financed by the Fund.

We realize our success is the result of the partnerships we have forged and our partners' commitments to affordable housing. The goal of the tour was to honor these partnerships by showcasing the homes they have made possible.

We visited three sites that encompass Westside Apartments, including Signal Hill Townhomes and the historic Nottingham building. This property was the first investment of the Equity Fund and continues to serve the neighborhood well, as does the General Partner, Westside Housing Organization.

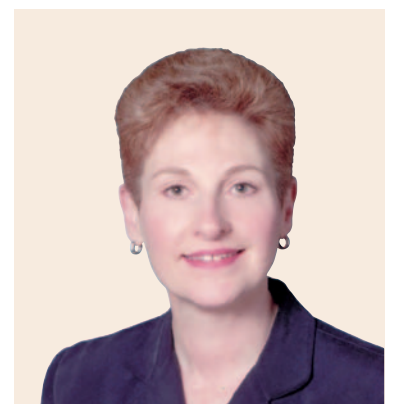
Construction at Jamison Housing on the Boulevard was completed shortly before the spring tour and is now fully occupied. Matt Fulson, General Partner of the Jamison property, highlighted the features of these townhomes for our guests.

Historic Valentine Apartments, months from completion last spring, is now beautifully restored. General Partner McCormack Baron Salazar welcomed the first residents in December 2009.

We look forward to the completion of our first investment in Kansas in the coming year. The Villas at Ridge Pointe II promises to be a welcome addition to our portfolio.

The challenges of today's economy have made the need for affordable housing more urgent than ever. With the support of our investors, our partners, and the communities we serve, we are pleased to continue our mission to build neighborhoods throughout the Kansas City metro area.

Erica A. Dobreff
President



2 Cleaver Boulevard, Suite 405, Kansas City, Missouri 64112
Phone 816.753.0941 | www.kcequityfund.com



Westside Apartments



Valentine Apartments



Jamison Housing on the Boulevard

Kansas City Equity Fund Advisory Committee



Bob Arthur
Commerce Bank



Erica Dobreff
Kansas City Equity Fund, LLC



Thomas D. Jackson
Metcalf Bank



Jim Perkins
Capitol Federal Savings Bank



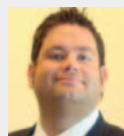
Jim Phillips
Brotherhood Bank & Trust



Ken Sanderson
Great Southern Bank



Reginald P. Scott
National City Community Development Corporation



Shawn Sherlock
The PrivateBank



Kevin Vanderweide
UMB Financial Corporation



Elizabeth Wright
M&I Community Development Corp



John J. Wuest
St. Louis Equity Fund, Inc.

Bank Midwest, N.A.

Enterprise Bank & Trust

KCEF 2009 Investors

Brotherhood Bank & Trust

Commerce Bank

Great Southern Bank

M&I CDC

Metcalf Bank

UMB Bank, N.A.

KCEF Partners

Westside Housing Organization

Fulson Housing Group

McCormack Baron Salazar, Inc.

Acknowledgements:

Editor & Production Coordinator
Amy McDermott

Design by Scott Huefing

Printing by Stolze Printing Company, Inc.

ST. LOUIS EQUITY FUND, INC.

